

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION FOR APPROVAL OF ASSET SALE FROM)	
THE HOGAN COMPANY TO CORPORATE)	CASE NO. 93-260
TELEMANAGEMENT GROUP, INC.)	

O R D E R

On July 21, 1993, The Hogan Company ("Hogan") and Corporate Telemanagement Group, Inc. ("Corporate Telemanagement Group") filed an application pursuant to KRS 278.020 requesting approval of the sale of certain Hogan assets to Corporate Telemanagement Group. Related financial transactions involving issuance of securities are also included in the proposed transaction.

Hogan, a Washington state corporation, is authorized by this Commission to provide intrastate interLATA telecommunication services.¹ Corporate Telemanagement Group, a South Carolina corporation, is authorized by this Commission to provide intrastate interLATA telecommunication services.² Therefore, the Commission has determined that the acquirer Corporate Telemanagement Group has

¹ Case No. 91-303, The Application of The Hogan Company for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Telecommunications Services Within the State of Kentucky. (Order dated January 7, 1992).

² Case No. 91-324, Application of Corporate Telemanagement Group, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Switchless Reseller of Long Distance Telecommunications Services Within the Commonwealth of Kentucky. (Order dated January 21, 1992).

the financial, managerial, and technical capabilities to provide reasonable service in Kentucky.

The terms and conditions of the sale are contained in the Agreement for Sale and Purchase of Assets executed June 18, 1993 attached to the petition as Exhibit 1. The transaction involves the transfer to Corporate Telemanagement Group of all of Hogan's customer rights, lists, records, billing, and other customer information; all sales agents' rights, records, payments, and other information; leased circuits that have been installed; and certain accounts receivable. Corporate Telemanagement Group will finance the acquisition through proceeds of a preferred stock issuance. Also, Corporate Telemanagement Group will issue common stock to Hogan's sole stockholder and execute a two-year note.

Corporate Telemanagement Group has filed an adoption notice form with its petition. It will execute this form upon approval of this asset sale. Corporate Telemanagement Group, anticipating a transition period of six months, will initially bill former Hogan customers under Hogan's tariff with bills that will identify Hogan and Corporate Telemanagement Group as the carrier. Ultimately, Corporate Telemanagement Group will serve these customers under its filed tariff and bill them solely under its name.

The Commission finds that KRS 278.020(4) and (5) and KRS 278.300 are applicable to the proposed transaction and that Commission approval is necessary. Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of

ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. KRS 278.300 prohibits any utility from issuing securities or evidences of indebtedness without prior approval of the Commission.

The Commission finds that Corporate Telemanagement Group, the acquirer, has demonstrated the financial, technical, and managerial abilities to provide reasonable service to the public. Accordingly, the proposed transaction is consistent with the requirements of KRS 278.020(4) and (5) and should be approved. The Commission further finds that the proposed financial transactions are for a lawful object within Corporate Telemanagement Group's corporate purposes, are necessary and appropriate for and are consistent with the proper performance of its service to the public, and are consistent with the requirements of KRS 278.300 and should be approved.

IT IS THEREFORE ORDERED that:

1. The sale of assets from The Hogan Company to Corporate Telemanagement Group, including related financial transactions described in the application, is approved.

2. Within 10 days of the date of the closing, Corporate Telemanagement Group shall file an executed adoption notice pursuant to 807 KAR 5:011, Section 11.

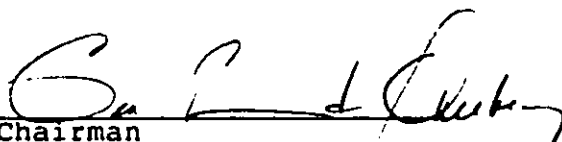
3. Within 10 days of the date of the closing, Corporate Telemanagement Group shall file tariff sheets containing a sample bill format pursuant to 807 KAR 5:006, Section 6(3).

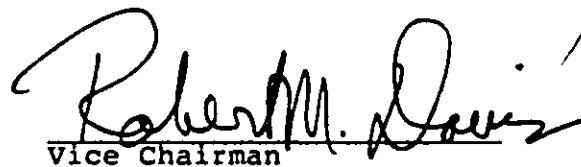
4. Corporate Telemanagement Group shall notify the Commission within five days of the closing that the closing has occurred, or in the alternative, shall notify the Commission if the proposed sale of assets and related financial transactions do not occur.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky, or any agency thereof, as to the securities authorized herein.

Done at Frankfort, Kentucky, this 17th day of September, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director